



Hampshire and Isle of Wight

Joint Capital Resource Use Plan

2024/25

NHS Hampshire and Isle of Wight Integrated Care Board



Joint Capital Resource Use Plan 2024/25

Introduction

This plan sets out how Hampshire and Isle of Wight Integrated Care Board (ICB) and our partner NHS trusts and foundation trusts plan to use our capital funding in 2024/25.

All Integrated Care Boards are required to publish a joint capital resource use plan every year, as part of the Health and Care Act 2022. These plans are intended to ensure there is transparency for local residents, patients, NHS health workers and other NHS stakeholders on how the capital funding provided to Integrated Care Boards is being prioritised and spent to achieve the system's strategic aims. This aligns with our financial duty to ensure that the system's allocated capital (Capital Departmental Expenditure Limit, or CDEL), is not overspent and their obligation to report annually on their use of resources.

Our 2024/25 plan follows NHS England's standard national template and contains a short summary against the main categories of expenditure, both overall and for each NHS trust and foundation trust, as well as an explanation of our system capital priorities, sources of funding, and key risks.

In line with NHS England's guidance, this plan will be shared with the Hampshire and Isle of Wight Integrated Care Partnership, the relevant Health and Wellbeing Boards, and NHS England.

Summary

In 2024/25, our capital plans as a system total £297m, including:

- £107m of operational capital for NHS trusts and foundation trusts, to fund investments in their estates, digital, equipment and fleet
- £3m of operational capital held by the Integrated Care Board to fund IT equipment for primary care and grants to improve GP premises
- £66m of leases for equipment, vehicles etc which need to be accounted for as capital under International Financial Reporting Standards 16 (IFRS16)
- £93m of nationally awarded capital funding, including:
 - A new Emergency Department at the Queen Alexandra hospital in Portsmouth

- The completion of the “Investing In Our Future” programme on the Isle of Wight, which includes a new integrated mental health and community hub in Newport, improved intensive care unit at St Mary's Hospital, new emergency care floor at St Mary's Hospital, acute bed reconfiguration at St Mary's Hospital, investment in digital infrastructure and technology.
- A new elective hub and orthopaedic outpatient scheme at the Royal Hampshire County Hospital site
- A new rehabilitation unit at the Western Community Hospital site
- Expansion of the endoscopy service in Portsmouth
- Community Diagnostic Centres
- Development of Highclere site in Cosham with a purpose-built GP premises.
- Digital investment including system-wide electronic patient record (EPR) implementation
- Enabling works for the Modernising Our Hospitals and Health Services hospital redesign in North Hampshire.
- £7m of other technical accounting capital, which mainly relates to capital charges for Private Finance Initiative (PFI) estates
- £20m of grants and donations e.g. from trust charities principally consisting of a decarbonisation grant from Salix to University Hospital Southampton NHS Foundation Trust.

Should our capital plans change significantly we will publish a revised plan. It is important to note that these figures represent our plan for 2024/25, not actual spending. We will report on our spending against this plan in our 2024/25 annual report.

REGION	South East
ICB / SYSTEM	Hampshire and the Isle of Wight

Introduction

Hampshire and Isle of Wight Integrated Care System (ICS) serves a population of 1.9 million people, supported by 77,500 NHS and social care staff.

The Hampshire and Isle of Wight integrated care system is committed to improving the health, happiness and wellbeing of the population. Our strategic goals are:

- Improve the health and wellbeing and reduce inequalities in outcomes for people in Hampshire and Isle of Wight
- Transform the NHS, in Hampshire and Isle of Wight, with our partners to enable our system to be effective and sustainable for the benefit of the people and communities we serve.
- Continuously improve the quality of and access to services that our people and communities experience
- Make best use of resources across Hampshire and Isle of Wight, ensuring we live within our means
- Provide people with a meaningful and fulfilling place to work

There are nearly 140 GP practices, working in 42 primary care networks, and over 900 suppliers of domiciliary, nursing and residential care. There are over 300 community pharmacies, more than 200 providers of dental services providing a range of general dentistry and orthodontics and nearly 200 providers of optometry services.

Our system includes 7 NHS providers:

- Hampshire Hospitals NHS Foundation Trust (HHFT)
- Isle of Wight NHS Trust (IOWT)
- Portsmouth Hospitals University NHS Trust (PHU)
- Solent NHS Trust
- South Central Ambulance Service NHS Foundation Trust (SCAS)
- Southern Health NHS Foundation Trust
- University Hospital Southampton NHS Foundation Trust (UHS)

NHS Trust estate is c 810,000 square metres and within Primary Care c 72,000 square metres.

Our key estates and capital priorities are:

1. Provide a well-maintained, safe, accessible and functional infrastructure portfolio

2. Support our ICS clinical framework, service transformation programmes and the healthcare needs of the population
3. Optimise our existing estates through improving utilisation, prioritising maintenance and collaborative working
4. Investing in new infrastructure developments where necessary to achieve longer term financial stability
5. Design our estate and infrastructure to align to sustainability goals and achieve net zero carbon requirements.

Hampshire and Isle of Wight has been awarded significant national capital investment in our system over the coming years, including:

- An opportunity to invest up to £900 million in improving hospitals in Hampshire for the future, which has been subject to public consultation earlier this year.
- Isle of Wight NHS Trust's "Investing in our Future" scheme (£48m total funding, £300k in 2024/25)
- System wide elective hub and orthopaedic outpatients development, based at HHFT (£37m total funding, £33.2m in 2024/25)
- A new Emergency Department (£58m total funding, £17.2m in 2024/25) and endoscopy unit (£14m total funding £4.7m in 2024/25) for PHU
- Western Community Hospital beds optimisation (£16m total funding, £3.6m in 2024/25)
- Four Community Diagnostic Centres (£47m total, £10.7m in 2024/25)
- Electronic Patient Record implementation funding (£22m total funding, due to be spend in 2025/26).
- A transformed Aseptics and Sterile Services Department in Southampton (£5m)

This national funding has enabled major investment in our strategic priorities as a system.

The Integrated Care Board and all seven NHS Trust providers have worked together to agree a methodology for allocating our core operational capital allocation for 2024/25, to fund backlog maintenance, estates improvements, equipment, IT hardware and systems, and fleet replacements. The operational capital allocations that underpin our capital plan have been agreed with all partner organisations.

Capital and Estates are under the portfolio of the Chief Finance Officer of the Integrated Care Board. All operational capital allocations are approved by the Integrated Care Board as part of the annual planning process. System Chief Finance Officers discuss capital planning and delivery periodically and take recommendations from the Integrated Care System Capital Board which meets monthly. The Integrated Care System Capital Board has representatives from Finance and Estates Directorates within NHS providers, alongside Integrated Care Board leads for strategy, digital, diagnostics, strategic finance and the Chief Medical Officer team.

2024/25 Capital allocations and sources of funding

Our core operational capital allocation (Capital Departmental Expenditure Limit, or CDEL) is expected to be £98.04m in 2024/25. This is £316,000 lower than 2022/23 and 2023/24 as a new NHS financial framework applies capital penalties to systems planning for significant deficits. The system's allocation has not been uplifted for inflation since 2022/23.

In 2024/25, our core system Capital Departmental Expenditure Limit has been uplifted by £6.54m to reflect specific national funding awards for:

- Aseptic medicines (University Hospital Southampton NHS Trust) £2.3m
- UEC ambulances (South Central Ambulance Services NHS Trust) £2.24m
- Emergency Department performance (University Hospital Southampton NHS Trust) £2.0m

These uplifts have been passed on to the relevant providers and are included in the plans that follow.

This gives a total system Capital Departmental Expenditure Limit allocation of £104.58m for 2024/25. NHS England guidance permits unfunded overprogramming of up to 5% on our core operational capital allocation and some providers have chosen to exercise this to a total of £2.3m, which is included in our plan values. If a provider chooses to overprogramme, it is their responsibility to ensure that their spending remains within their allocation.

When our system allocation is combined with this unfunded overprogramming and the £3.1m of operational capital for primary care held by the Integrated Care Board, the total operational capital in plans is £110.0m.

In line with NHS England's planning guidance, our plans include leases which need to be accounted for as capital in accordance with International Financial Reporting Standards 16 (IFRS16). Following changes during 2023/24, we expect to be given a system Capital Departmental Expenditure Limit allocation for impacts of IFRS 16 and be required to manage within that allocation during 2024/25, but at the time of writing, NHS England had not yet confirmed the size of this allocation.



Hampshire and Isle of Wight

Table 1: summary of capital funding sources

CDEL		Hampshire and Isle of Wight Integrated Care Board	Hampshire Hospitals NHS Foundation Trust	Isle of Wight NHS Trust	Portsmouth Hospitals University NHS Trust	South Central Ambulance Service Foundation Trust	Solent NHS Trust	Southern Health NHS Foundation Trust	University Hospital Southampton NHS Foundation Trust	Total Full Year Plan	Notes
		£000	£000	£000	£000	£000	£000	£000	£000	£000	
Provider	Operational Capital Allocation		13,529	5,661	12,293	12,916	4,811	9,250	46,122	104,582	The 24/25 operational capital programme
Provider	Operational Capital unfunded overprogramming		2,065				240			2,305	Allowable unfunded overprogramming
ICB	Operational Capital Allocation	3,133								3,133	Investment into Primary Care
	Total System Operational Capital	3,133	15,594	5,661	12,293	12,916	5,051	9,250	46,122	110,020	
Provider	Impact of IFRS 16		7,620	1,003	3,500	28,610	4,890	15,067	5,000	65,690	Expenditure capitalised due to the implementation of IFRS 16
ICB	Impact of IFRS 16	305								305	
	Total System Impact of IFRS 16	305	7,620	1,003	3,500	28,610	4,890	15,067	5,000	65,995	
Provider	New Hospital Programme		6,308							6,308	
Provider	Sustainability and Transformation Partnership (STP)/ Upgrades Programme		4,139	317	17,184		6,968			28,608	
Provider	National Programme: Community Diagnostic Centres		1,026						9,533	10,559	
	Diagnostics		109	116	6,121				150	6,496	
	Front Line Digitisation		1,960	310	4,156			800	1,710	8,936	
	Other Tech Funding									0	
	Mental Health									0	
	Elective Recovery		29,061							29,061	
RAAC										0	
Provider	Other (technical accounting)				6,954			3,372		10,326	
	Total System CDEL	3,743	73,437	8,410	53,708	70,136	21,799	43,556	67,515	276,309	
Provider	Grants / donations / peppercorn leases			50	300				20,420	20,770	Salix Grant for Decarbonisation £18m
	Total Expected Capital Funding	3,743	73,437	8,460	54,008	70,136	21,799	43,556	87,935	297,079	Total 24/25 capital programme



Capital planning and prioritisation process

In 2024/25, national funding awards (Public Dividend Capital or PDC) are the main funding source for our system's strategic priorities.

Our approach to allocating our £104.58 core system capital envelope for 2024/25 was to identify a strategic and an operational allocation for each provider.

- The operational allocation (£74.7m) was allocated to organisations via a calculation that reflected their relative levels of depreciation and the relative size of their maintenance backlog.
- The strategic allocation (£23.4m) reflects existing commitments, comprised of
 - A contribution towards the new Emergency Department in Portsmouth (£1.2m)
 - A contribution towards Western Community Beds Optimisation (£1m)
 - A contribution towards a transformed Aseptics and Sterile Services Department at University Hospital Southampton (£21.2m)
- We have received three bespoke Capital Departmental Expenditure Limit adjustments (£6.5m). These have been allocated to South Central Ambulance Service NHS Foundation Trust (£2.2m) for urgent and emergency care Ambulances, to University Hospital Southampton NHS Foundation Trust (£2.3m) for Aseptics and to University Hospital Southampton NHS Foundation Trust (£2.0m) for Emergency Department.

Each Trust then prioritised their draft capital plan to be affordable within our expected operational capital allocations.

The £3.1m capital allocated to the Integrated Care Board for primary care has been prioritised to reflect:

- Premises improvement projects that will address the highest risk issues identified including compliance with current infection prevention and control standards for general practice premises and access requirements.
- Creation or adoption of new space to accommodate the delivery of General Medical Services
- Replacements and improvements to IT in primary care e.g. out of warranty laptops, infrastructure, software developments.

The following tables and charts summarise our 2024/25 capital plan:



Table 2: summary of 2024/25 capital plans by organisation and source of funding (£000s)

	Hampshire Hospitals NHS Foundation Trust	Isle of Wight NHS Trust	Portsmouth Hospitals University NHS Trust	Solent NHS Trust	South Central Ambulance Service Foundation Trust	Southern Health NHS Foundation Trust	University Hospital Southampton NHS Foundation Trust	Integrated Care Board Care Board (ICB)	Grand Total
Operational Capital	15,594	5,661	12,293	5,051	12,916	9,250	46,122	3,133	110,020
IFRS 16	7,620	1,003	3,500	4,890	28,610	15,067	5,000	305	65,995
PDC	42,603	743	27,461	6,968	0	800	11,393	0	89,968
Other (Technical)	0	0	6,954	0	0	3,372	0	0	10,326
Total CDEL	65,817	7,407	50,208	16,909	41,526	28,489	62,515	3,438	276,309
Grants/Donations/Peppercorn leases	0	50	300	0	0	0	20,420	0	20,770
Total Capital	65,817	7,457	50,508	16,909	41,526	28,489	82,935	3,438	297,079

Figure 1: summary by type of capital scheme (£000s, all funding sources)

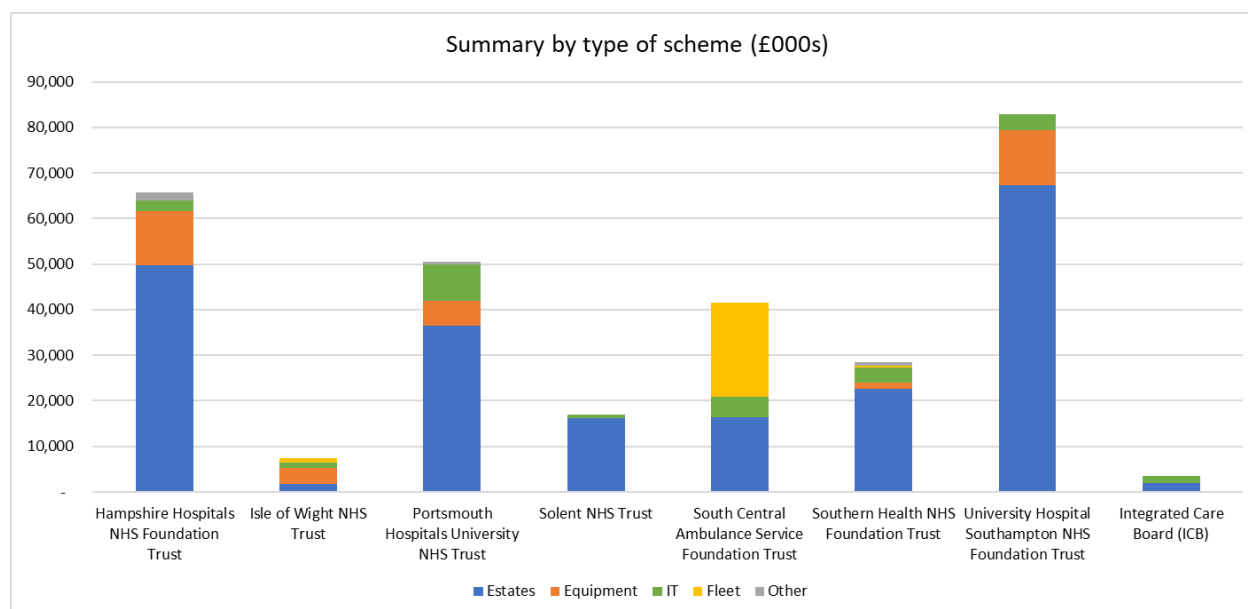


Figure 2: Backlog Maintenance value by classification and planned expenditure 2024/25

	Eric Returns Data 2022/23 Backlog Maintenance					2024/25 Planned Backlog Maintenance - Significant and high risk (CIR) £000
	High risk £000	Significant risk £000	Moderate risk £000	Low risk £000	Total £000	
Hampshire Hospitals NHS Foundation Trust	7,368	42,545	32,661	12,864	95,437	3,705
Isle of Wight NHS Trust	163	14,940	8,611	1,025	24,739	1,000
Portsmouth Hospitals University NHS Trust	-	1,230	2,266	3,102	6,597	-
Solent NHS Trust	1,310	2,598	3,569	3,421	10,899	347
South Central Ambulance Service Foundation Trust	24,671	16,297	10,402	4,665	56,035	2,650
Southern Health NHS Foundation Trust	-	2,257	23,809	6,996	33,062	3,315
University Hospital Southampton NHS Foundation Trust	2,759	41,700	72,676	11,201	128,336	23,613
Grand Total	36,270	121,567	153,994	43,274	355,105	34,630

Key schemes to be progressed in 2024/25

- The “Investing In Our Future” programme on the Isle of Wight, which includes a new integrated mental health and community hub in Newport, improved intensive care unit at St Mary’s Hospital, new emergency care floor at St Mary’s Hospital, acute bed reconfiguration at St Mary’s Hospital, investment in digital infrastructure and technology (Total value £54m, £1.8m in 2024/25).
- A new Emergency Department at the Queen Alexandra Hospital in Portsmouth (total scheme value £62m, £18.2m in 2024/25)
- In response to growing demand for day-patient endoscopy procedures a new endoscopy unit at the Queen Alexandra Hospital in Portsmouth. The new unit will offer additional capacity and recovery areas for patients before they return home (total scheme value £13.7m, £4.7m in 2024/25)
- A construction of a new 3 storey 50 bed rehabilitation unit with integrated therapies in flight at the Western Community Hospital site (total scheme value £21.8m, £7.1m in 2024/25). This will co-locate all inpatient rehabilitation beds into a single location at the hospital and improve the effectiveness of inpatient rehabilitation services in Southampton through the creation of a modern fit for purpose facility.
- Development of the Highclere site in Cosham with a purpose-built GP premises (total scheme value £5.3m, £3.6m in 2024/25). This will provide modern, fit for purpose facilities and ensure the future long-term sustainability for the GP practice.
- A major decarbonisation scheme to install a major new energy-efficient heating system at University Hospital Southampton (total value £33.3m, £22.1m in 2024/25), £29.4m funded by the Public Sector Decarbonisation

Scheme. Fossil fuel boilers will be replaced with low-emission air source heat pumps.

- A new pharmacy and sterile services facility in Southampton (total value £25.6m, £22.6m in 2024/25). This will enable in-house production of a range of life-saving medicines for patients across the region. The new sterile services facility will relocate and expand capacity for the sterilisation of medical devices, equipment and instruments.
- The second phase of the Southampton Community Diagnostic Centre at the Royal South Hants Hospital and Lymington. This will increase diagnostic capacity in Southampton and south west Hampshire. (£9.5m in 2024/25)
- A system wide elective hub and orthopaedic outpatients scheme based at the Royal Hampshire County Hospital site (total value £41m, £33.2m in 2024/25). The elective hub will deliver an additional 2,400 procedures each year and will operate six days a week. The orthopaedic department will provide eight outpatient rooms; a co-located plain film x-ray service with an adjacent treatment room; and four fracture clinic assessment booths with an adjacent two bay plaster room. This will significantly reduce the wait for an elective outpatient appointment.
- Primary Care IT support of £1.5m including the roll out of Windows 11, desktop refresh and infrastructure refresh

Overview of ongoing scheme progression

Investing in Our Future – Isle of Wight NHS Trust

- New integrated mental health and community hub in Newport: was completed in February 2024
- Improved intensive care unit at St Mary's Hospital: was completed in February 2024
- New emergency care floor at St Mary's Hospital: Phase 1 was completed January 2024. Fracture Clinic, Urgent Treatment Centre, staff accommodation and Same Day Emergency Care are due to be completed in Autumn 2024
- A new Community Diagnostic Unit is due to be completed in August 2024

New Emergency Department – Portsmouth Hospitals University NHS Trust

- Site clearance works began in Autumn 2022.
- The work remains on plan with the intention to be operational ahead of Winter 2024

New Endoscopy Unit – Portsmouth Hospitals University NHS Trust

- Planning permission was granted in February 2024
- The unit is due to open in early 2025

Western Community Hospital bed optimisation

- Demolition commenced December 2022

- Target completion date September 2024

Highclere GP Premises

- Work commenced October 2023
- Target completion date December 2024

Energy efficient heating system at University Hospital Southampton NHS Foundation Trust

- The work is due to be completed by March 2025

A new pharmacy and sterile services facility in Southampton

- Construction began in summer 2023.
- The work is due to be completed by April 2025

Southampton Community Diagnostic Centres – Second Phase

- Scheme is scheduled to start in October 2024
- Target completion date July 2025

Elective hub and orthopaedic outpatients scheme based at the Royal Hampshire County Hospital site

- The development has now been given approval for work to begin
- The elective hub is due to open in April 2025.
- The orthopaedic outpatient facility is due to open in summer 2025.

Risks and contingencies

- Inflation: Our system operational capital allocation has not been uplifted for inflation for the last three years, and with construction price inflation at high levels, providers may find they can no longer afford to deliver all planned schemes
- Our operational capital allocation contains no contingency or reserve, so any urgent in-year priorities will need to be met through slippage or reprioritisation
- Some providers have chosen to overprogramme (within limits allowed by NHS England) on the assumption that there will be slippage in-year. This means that the current plan is allowed to be in excess of our system allocation. There is a risk that this slippage will not materialise and providers will need to reprioritise to live within their Capital Departmental Expenditure Limit allocation.
- The impacts of IFRS 16 will be within a system Capital Departmental Expenditure Limit envelope in 2024/25 but we do not yet know the size of our allocation. This will add pressure to our capital budgets and will require greater prioritisation of system priorities.
- The 2022/23 Estates Returns Information Collection (ERIC) data shows that Hampshire and Isle of Wight providers' maintenance backlog has increased to a total value of £355m, of which £158m is categorised as high or

significant risk. Our provider operational capital allocation of £105m is also the main source of funding for all equipment, IT, fleet and strategic estates schemes. Trusts and foundation trusts plan to spend £34m on high and significant risk backlog in 2024/25 (see Figure 2) but the backlog is likely to grow in 204/25. Trusts have prioritised the highest risk backlog maintenance schemes in order to mitigate the risks to patients and staff as much as possible.

- Our capital allocation can only support limited expansion of our capacity, meaning there is a risk that demand will continue to outstrip available capacity, limiting the pace at which we can reduce waiting lists. NHS providers are focused on improving productivity to deliver increased activity and better utilisation of our assets.
- Some providers have had to postpone investments in digital capabilities and equipment that would improve efficiency and productivity. There is a risk that our capital position constrains improvements in our revenue position and some of our transformational ambitions may be delayed.
- Not all of our proposed decarbonisation schemes can be afforded within our capital envelope so some have had to be postponed, limiting the pace at which we can achieve our sustainability goals.

Business cases in development during 2024/25

During 2023/24 Hampshire Hospitals NHS Foundation Trust undertook a public consultation on the opportunity to invest up to £900m in improving hospitals and the quality and sustainability of hospital services for the future. During 2024/25 a decision making business case will be developed.

Southern Health NHS Foundation Trust Strategic Outline Case for development of the Ravenswood medium secure unit is still in progress.

The formation of Hampshire and Isle of Wight Healthcare NHS Foundation Trust is anticipated to required capital schemes in order to facilitate joint working on and progression of system and Trust aims and objectives.

An Electronic Patient Record which will provide functionality at all four Hampshire and Isle of Wight acute Trusts (total value £44m) is currently awaiting NHS England approval of its Outline Business Case.

There are expected to be opportunities to bid for national grant funding opportunities funded by the Public Sector Decarbonisation Scheme in order to progress decarbonisation schemes. Bidding for this will be a priority for providers within the system in order to work towards delivering our net zero carbon strategy.

Cross System and collaborative Working

As host Integrated Care Board for the South Central Ambulance Service NHS Trust, Hampshire and the Isle of Wight's capital plan includes all of South Central Ambulance Service NHS Trust's capital allocation, including investment in locations outside Hampshire and the Isle of Wight Integrated Care System.

Net zero carbon strategy

The Integrated Care Board takes delivery of the Greener NHS agenda into account when prioritising system capital. As new estates projects are built to modern standards they do tend to lead to more sustainable environments. Smaller schemes to improve insulation, introduce LED lighting and decarbonise our buildings have continued.

Funded by the Public Sector Decarbonisation Scheme, University Hospitals Southampton have commenced a major (£33.4m) decarbonisation project. The main energy infrastructure at UHS is over 20 years old. The identified improvements as part of the decarbonisation programme will meet the trusts objectives for decarbonisation, cleaner air, and a reduced revenue burden.

Southern Health have used £1.5m of external funding to introduce LED lighting in some of their buildings. Other external funding sources continue to be sought.